

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 86 Ill. Adm. Code 495. (This is a GIL).

July 19, 2000

Dear Xxxxx:

This letter is in response to your letter dated February 4, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

I am writing to obtain information regarding whether STATE is exempt from the Illinois sales/use.

STATE maintains an office in Illinois located at the following address:

ADDRESS

Telephone service to that office is provided by COMPANY. Attached is a page from the COMPANY telephone bill for that office's telephone service. The various taxes imposed on telecommunications are separately stated on the bill, including the taxes that Illinois imposes on telecommunications.

As you probably know, in some instances a state exempts other states from the taxes it imposes. We are writing to inquire whether your state's tax statutes provide such an exemption. Specifically, we request that you provide us with a brief written determination on whether STATE is exempt from your state's taxes on telecommunications, namely the ones listed on the attached phone bill. If so, please provide us with information concerning how to obtain an exemption certificate.

Thank you for your time and attention to this matter.

The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charges for such telecommunications purchased at retail from retailers. See 86 Ill. Adm. Code 495, enclosed.

Entities that are exempt from the Telecommunications Excise Tax include the Federal and State governments, State universities created by statute, as well as

sales between a parent corporation and its wholly owned subsidiaries or between wholly owned subsidiaries. See, Section 2(k) of the Telecommunications Excise Tax Act, 35 ILCS 630/2(k). Consequently, we believe that a state agency, such as the STATE Department of Revenue, is exempt from tax on its purchases of telecommunications.

Effective January 1, 1998, the Telecommunications Municipal Infrastructure Maintenance Fee Act (Act) (35 ILCS 635/1 et seq.) provides for the imposition of various fees upon telecommunications retailers.

Section 15 of the Act imposes a State infrastructure maintenance fee upon telecommunications retailers, as that term is defined in 35 ILCS 635/10, "equal to 0.5% of all gross charges charged by the telecommunications retailer to service addresses in this State for telecommunications, other than wireless telecommunications, originating or received in this State." (35 ILCS 635/15(b).) Section 15 also provides for an optional infrastructure maintenance fee which telecommunications retailers may pay "with respect to the gross charges charged by the telecommunications retailer to service addresses in a particular municipality for telecommunications, other than wireless telecommunications, originating or received in the municipality...." (35 ILCS 635/15(c).) These fees are collected, enforced and administered by the Illinois Department of Revenue. (35 ILCS 635/25(b).)

Section 20 of the Act provides that municipalities may impose a municipal infrastructure maintenance fee upon telecommunications retailers. This fee is based upon gross charges charged by the telecommunications retailers to service addresses in the municipality for telecommunications originating or received in the municipality. This fee is collected, enforced, and administered by the municipality imposing the fee. (35 ILCS 635/25(c).)

There are no provisions exempting state governments, including Illinois, from payment of the fees imposed under the Telecommunications Municipal Infrastructure Maintenance Fee Act.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk
Enc.